

RULES

OF THE

**RISK ASSURANCE MANAGEMENT
EXCEPTED LIFE DEATH IN SERVICE
MASTER TRUST**

RISK ASSURANCE MANAGEMENT LIMITED (1)

and

PI CONSULTING (TRUSTEE SERVICES) LIMITED (2)

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BETWEEN:

- (1) **RISK ASSURANCE MANAGEMENT LIMITED** (company number 01334065) whose registered office is at The Engine House, 77 Station Road, Petersfield, Hampshire, GU32 3FQ (the "**Company**"); and
- (2) **PI CONSULTING (TRUSTEE SERVICES) LIMITED** (company number 04261011) whose registered office is at 2 Allington Close, Wimbledon Village, London, SW19 5AP (the "**Trustee**").

1 BACKGROUND

- 1.1 The Company wishes to establish a trust to be called the Risk Assurance Management Excepted Life Death in Service Master Trust (the "**Trust**") under irrevocable trusts with effect from the Commencement Date for payment of a death in service lump sum benefit for certain present and future employees and/or directors of those employers that participate in the Trust from time to time.
- 1.2 Each such employer will have its own separate section under the Trust.
- 1.3 The Trustee has agreed to be the first trustee of the Trust.
- 1.4 The benefits of the Trust shall be derived from the net proceeds from a policy or policies issued by an Insurance Company and attributable to a Member, such policy or policies being:
 - (a) a relevant life policy or relevant life policies satisfying the conditions specified in section 393B(4)(b) of ITEPA; and/or
 - (b) an excepted group life policy or excepted group life policies as defined in section 480(3) of ITTOIA.

2 ESTABLISHING THE TRUST

- 2.1 By making these Rules (the "**Rules**") the Company establishes the Trust under irrevocable trust with effect from the Commencement Date and appoints the Trustee to be its first trustee.
- 2.2 The Company and the Trustees confirm that the Trust shall be administered in accordance with these Rules and the requirements of ITEPA and ITTOIA applying to the policies applicable to the Trust.

3 THE FUND

- 3.1 The Trustee shall hold the Policy Proceeds on trust in accordance with these Rules for the purposes of the Trust.
- 3.2 For the purposes of the Trust the Trustee may, in addition to any statutory powers, retain or place on deposit or current account with any bank or deposit taking institution any cash it holds in relation to the Policy Proceeds. It shall be permitted to hold such cash in a non – or low – interest bearing account.

4 MEMBERSHIP

- 4.1 An employee of a Participating Employer shall be admitted as a Member if a Policy provides a lump sum death benefit in respect of him and the terms of his membership shall be as set out in that Policy.

5 TERMINATION OF MEMBERSHIP

- 5.1 A person shall cease to be a Member immediately if:
- (a) he ceases to be an employee of a Participating Employer;
 - (b) the Participating Employer by which he is employed ceases to participate in the Trust;
 - (c) his employer notifies the Company that the Member, or that a category of employees to which the Member belongs, shall be excluded from Membership;
 - (d) cover under a Policy ceases in respect of him for whatever reason. The Company's determination as to whether and, if so, on what terms a Policy is in force or terminated shall be final and binding.

6 LUMP SUM DEATH BENEFIT

- 6.1 This Rule is subject to Rule 7 (Restrictions on Payments).
- 6.2 If a Member dies, the Trustee shall hold the Net Policy Proceeds attributable to that Member on the trusts of this Rule.
- 6.3 The Trustee shall hold the Net Policy Proceeds attributable to that Member on trust with power to pay it out (in one or more payments) within two years of the earlier of the date on which the Trustee first knew of the Member's death and the date on which it could first reasonably be expected to have known of it. It may pay the lump sum for the benefit of such one or more of the following and in such proportions as it decides:
- (a) the Member's Spouse;
 - (b) any parent or grandparent of the Member or his Spouse;
 - (c) any Dependant of the Member;
 - (d) the descendant (including half-blood relationships and children conceived but not yet born) of any grandparent of the Member or his Spouse, and the spouses of such descendants;
 - (e) any person that the Member notified to the Trustee for the purpose of this Rule;
 - (f) any person beneficially interested under the intestacy or any will of the Member; and
 - (g) any person or trust established for exclusively charitable purposes.

A Member's step-children shall count as his natural children for the purposes of this Rule.

The Trustee may pay the whole or part of the lump sum to other trustees to hold on trust for the benefit of one or more of the people on the above list.

The Trustee may rely on:

- (h) any confirmation by the Company or by another Participating Employer that a person is on the above list;
- (i) any confirmation by a solicitor that the trusts on which a lump sum is to be held mean that it can only be paid to or used for the benefit of one or more of the people on the above list;
- (j) any information provided by solicitors acting for the personal representatives of the Member;

and shall not be under any duty to make any further enquiry.

The Trustee may deduct from the lump sum any expenses it incurs in preparing to make a payment.

6.4 In exercising its power under this Rule 6, the Trustee may (but need not) have regard to any wishes that the Member expressed in writing to it.

6.5 The Trustee shall distribute to such charity as it may decide (subject to Rule 7) any balance of a lump sum benefit not paid out under Rule 6.3 within the period of two years mentioned in that Rule.

7 RESTRICTIONS ON PAYMENTS

7.1 The Trustee shall exercise its powers under the Rules such that any sums payable or paid under a Policy in the death of a Member shall:

- (a) only be used for the benefit of those persons who are beneficiaries in relation to that Member;
- (b) comply with the conditions contained in section 482(2) of ITTOIA;
- (c) not be exercised or capable of operating in such a way as:
 - (i) to benefit an Excluded Person; or
 - (ii) would prevent any Single Life Policy from time to time comprised in the Trust from satisfying the conditions in section 393B(4)(b) of ITEPA; or
 - (iii) would prevent any Excepted Group Life Policy from being an excepted group life policy as defined in section 480(3) of ITTOIA.

8 TAX

8.1 The Trustee may deduct from any payment it makes an amount equal to any tax for which it is or might become liable (under the Finance Act 2004 or otherwise), including any for which it is or may be jointly and severally liable.

8.2 If any liability for inheritance tax or any other tax arises in respect of any benefit under the Trust, the Trustee may apply the benefit in whole or in part in the payment of such tax (including any interest due) and deduct the amount so paid from the benefit. Alternatively, it may postpone the payment of the benefit until the liability has been met in some other way or provision satisfactory to the Trustee has otherwise been made for it.

9 PREMIUMS

9.1 Each Participating Employer shall pay the premiums required under the Policy immediately they fall due and will comply with the terms of the Policy in all respects.

10 EXPENSES

10.1 The Company will be responsible for meeting the expenses of operating the Trust including the fees referred to in Rule 11.2.

11 TRUSTEES

Appointment and removal

11.1 The Company may, by deed, appoint and remove trustees of the Trust without limitation as to numbers. It may appoint a corporate body as sole trustee. A Trustee may resign by giving written notice to the Company. Anyone who ceases to be a Trustee shall

execute any documents that the Company and/or the other Trustees consider to be reasonably necessary to give proper effect to the end of his trusteeship.

Charging

- 11.2 A Trustee who carries on a profession or business that includes acting as a professional trustee may charge for his services as a trustee of the Trust on a basis agreed with the Company from time to time. Likewise, if a Trustee is interested in a company or firm that acts as a professional trustee, it may charge on a basis agreed with the Company for providing his services. Any charges or payments under this Rule 11 shall form part of the expenses of running the Trust to be met under Rule 10 (Expenses).

Conduct of business

- 11.3 Where there is a sole corporate trustee, its business will be conducted in accordance with its constitution. Otherwise the Trustees may regulate their business at meetings as they see fit.
- 11.4 The Trustee shall not be obliged to give to any Member or any other person any reason or justification for any exercise of any of its duties, powers or discretions.

Delegation, Agents and Advisers

- 11.5 The Trustee may delegate any of its duties, powers or discretions to anyone (including a committee of themselves) on any terms. The terms may allow sub-delegation. The Trustees shall not be under a duty to supervise any delegate. Nor shall it be responsible for the negligence or default of a delegate (or sub-delegate) or any loss incurred as a result of delegation (or sub-delegation). The Trustee may also appoint agents and professional advisers on such terms as it may think fit from time to time.

Assignment

- 11.6 The Trustee may, at any time prior to the discontinuance of the Trust, transfer or assign all or any Policy or Policies to such other trust or arrangement as it decides, as long as the purposes of such trust or arrangement are not materially different from those of the Trust.

Conflict of interest

- 11.7 No decision or other act by the Trustee shall be invalidated on the ground that a Trustee (or a director of a corporate trustee) had a conflict of duty or of interest in relation to it. In particular, any Trustee (and any director of a corporate trustee) may be a beneficiary and retain any benefits he receives under the Trust, including any that result from the exercise of any power or discretion by the Trustees that he took part in. This Rule does not affect any duty of disclosure owed by anyone who has such a conflict.
- 11.8 Subject to Rule 11.9, if a Trustee (or a director of a corporate Trustee) is interested in any decision of the Trustees or in the exercise of any of their duties, powers or discretions, he shall declare the nature of his interest at the meeting of the Trustees at which the decision is to be taken or the duty, power or discretion is to be exercised.
- 11.9 If a Trustee (or a director of a corporate Trustee) gives the Trustees a general notice to the effect that he has an interest in any decision or in the exercise of any duty, power or discretion in relation to a particular matter or class of matters relating to the Trust, he shall be deemed to have made a sufficient declaration of his interest. But no such notice shall be effective unless the Trustee (or director of a corporate Trustee) either gives it at a meeting of the Trustees (or board) or takes reasonable steps to ensure that it is brought up and read out to the next meeting of the Trustees (or board) after he gives the notice.
- 11.10 A director of a corporate trustee shall also comply with the Companies Act 2006 over conflict of interest (including conflict of duty).

Protections for the Trustees

- 11.11 No Trustee (including directors of any corporate trustee) shall be liable for anything whatsoever in relation to the Trust except for fraud or any act or omission knowingly and intentionally committed in bad faith by him.
- 11.12 The Company shall indemnify each Trustee against all liabilities, expenses, actions, proceedings, costs, claims, fines, penalties or awards in respect of any matter relating to the Trust in any way (including any that he incurs as a result of any act or omission by an agent appointed by the Trustees) save to the extent that they relate to fraud or any act or omission knowingly and intentionally committed in bad faith by the Trustee seeking to be indemnified or, in the case of a paid Trustee, his negligence. This indemnity shall continue after the Trust has been discontinued.
- 11.13 The Trustee shall not be obliged to make any payment following the death of a Member unless and until it has actually received the Policy Proceeds in respect of that Member, and then only to the extent of the amount actually received net of any deductions allowed under these Rules.

12 INFORMATION

- 12.1 The Trustee and Participating Employers shall comply with any legislative requirements about providing information to Her Majesty's Revenue and Customs and keeping records.

13 AMENDMENT

- 13.1 The Company may, with the consent of the Trustee, by deed alter, add to, delete or replace any of these Rules. It may do this with effect from any date, past, present or future.

14 PARTICIPATING EMPLOYERS

- 14.1 An employer may agree with the Company and the Trustee to participate in the Trust. An employer that wants to participate shall enter into such documentation as the Company and the Trustee may require in a form prescribed by the Company and the Trustee where that employer agrees to comply with the Rules as amended from time to time and to comply with the terms of the Policy. The documentation may have retrospective effect.
- 14.2 The Company, the Trustee and the employer may agree special conditions for the employer's participation. Participation may be for a definite or an indefinite period.
- 14.3 A Participating Employer shall cease to participate in the Trust if the Policy in respect of that Employer ceases for whatever reason.
- 14.4 A Participating Employer shall cease to participate in the Trust if it gives the Trustee and the Company 30 days' written notice (or such shorter notice as they agree to accept).

15 DISCONTINUANCE

- 15.1 The Company may discontinue the Trust at any time by giving written notice to the Trustee and the Participating Employers at that time.
- 15.2 If the Trust is discontinued:
- (a) all Members shall immediately cease to be Members;
 - (b) the Trustee shall distribute any lump sums which are held on the discretionary trusts of Rule 6 on the date of discontinuance; and

- (c) to the extent that the Trustee holds any remaining funds under the Trust after the application of paragraph (b), refund such funds to the Company after deducting any tax for which they are or may become liable.

15.3 Following a distribution, refund or payment of tax under Rule 15.2, the Trustee shall be discharged of any obligation to pay benefits under these Rules and the Trust shall be dissolved.

16 PERPETUITY PERIOD

16.1 The perpetuity period applicable to the Trust shall be 125 years from the Commencement Date plus such further period (if any) as may be lawful including any period during which the Trust is exempt from the rule against perpetuities.

16.2 The Trustees shall discontinue the Trust one year before the expiry of the perpetuity period.

17 EXECUTION OF THESE RULES

17.1 These Rules may be executed in any number of counterparts and by each party on separate counterparts. Each counterpart is an original but all counterparts together constitute one and the same instrument.

18 GOVERNING LAW

18.1 English law governs the Trust and the running of it. The parties submit to the exclusive jurisdiction of the English courts.

19 DEFINITIONS

"Civil Partner" means a civil partner of a Member as defined in the Civil Partnership Act 2004.

"Commencement Date" means the date of execution of these Rules.

"Company" the Company which established the Trust or any other Company which has, with the consent of the Trustee, taken over the role of Company in relation to Trust.

"Dependant" means, in relation to a Member, any natural person who in the opinion of the Trustee was at the time of death of the Member financially dependent on him or in a financial relationship of mutual dependence with him or dependent on him because of physical or mental impairment.

"Excepted Group Life Policy" has the meaning in section 480(3) of ITTOIA.

"Excluded Person" in relation to any Member or deceased Member means:

- (a) the Member and his estate; and
- (b) in relation only to a deceased Member upon whose death any sum is payable under an Excepted Group Life Policy, any person precluded by condition B in section 482(3) of ITTOIA from receiving any death benefit in respect of that deceased Member.

"Insurance Company"	has the meaning in section 275 of the Finance Act 2004.
"ITEPA"	means the Income Tax (Earnings and Pensions) Act 2003.
"ITTOIA"	means the Income Tax (Trading and Other Income) Act 2005.
"Member"	means any person in respect of whom lump sum death benefits are payable under a Policy. "Membership" has a corresponding meaning.
"Net Policy Proceeds"	means the Policy Proceeds less any tax which the Trustee is obliged to deduct (whether attributable to the benefits payable to a Member, or attributable to a tax charge payable by the Trustee or the Company and which relates to the operation of the Trust).
"Participating Employer"	means an employer participating in the Trust and, in relation to any particular Member, means that Participating Employer by which he is at the relevant time employed or by which he was last employed.
"Policy"	has the meaning set out in Rule 1.4.
"Policy Proceeds"	means the proceeds under a Policy received by the Trustee.
"Single Life Policy"	means a policy of life assurance satisfying the conditions specified in section 393B(4)(b) ITEPA.
"Spouse"	means in relation to a Member the wife or husband to whom they were legally married at the date of the Member's death and includes a Civil Partner.
"Trustees"	mean the trustee or trustees for the time being of the Trust. "Trustee" means any one of them.

In these Rules, unless inconsistent with the context:

- "he" also means "she"
- any reference to legislation which applies to any part of the United Kingdom includes any corresponding legislation applicable to any other part of the United Kingdom, and
- references to statutes include modifications and re-enactments, and any regulations that go with them.